

## Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03

INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03

SP-02 LAB-04 SIL-01 OMB-01 PA-01 NSC-05 IO-13

SS-15 FAA-00 DOTE-00 MCE-00 L-03 DODE-00 /098 W

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P R 191238Z APR 78

FM AMEMBASSY LIBREVILLE

TO SECSTATE WASHDC PRIORITY 903

INFO RUFNP /AMEMBASSY PARIS 2506

C O N F I D E N T I A L LIBREVILLE 0935

DEPT PLS PSS EXIMBANK

E.O. 11652: GDS

TAGS: EFIN, EAIR, IMF, GB

SUBJ: BOEING 747 FOR AIR GABON

REF: (A) LIBREVILLE 822 (NOTAL) (B) STATE 090952 (NOTAL)

(C) LIBREVILLE 926 (NOTAL)

1. PRESIDENT BONGO'S PERSONAL ADVISOR IN CHARGE OF ECONOMIC AND FINANCIAL COORDINATION, MINISTER JEAN-FRANCOIS NTOUTOUME, TELEPHONED CHARGE LATE EVENING APRIL 18 TO DISCUSS "URGENTLY" GOG PROPOSAL TO ATTEMPT SALVAGE AIR GABON'S BEOING 747 PURCHASE, NTOUTOUME, WHO WAS DEPARTING FOR PARIS AND SAUDI ARABIA AT 0700 THIS MORNING, EXPLAINED SITUATION AND PROPOSAL OVER TELEPHONE AS FOLLOWS:

(A) BECAUSE OF IMF LIMITATIONS ON 1978 BORROWING, GOG UNABLE TO ALLOCATE FULL PAYMENT (APPROXIMATELY \$56 MILLION) FOR 747 FROM 1978 BORROWING. PURCHASE OF 737, HOWEVER, WOULD GO AHEAD. (B) HAVING FAILED NEGOTIATE NEW LEASE TO REPLACE THAT OF MEA 747 WHICH EXPIRED APRIL 17, AIR GABON WOULD FOR THE TIME BEING OPERATE ITS EUROPEAN

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ROUTES WITH DC-8'S, EITHER PRESIDENT BONGO'S OR LEASED ONE (REF C). (C) AS POSSIBLE MECHANISM FOR PROCEEDING WITH 747 PURCHASE, WITHOUT EXCEDING 1978 IMF CEILING, GABONESE WISH TO EXPLORE POSSIBILITY OF MAKING DOWN-PAYMENT TO BOEING NOW WITH BALANCE TO BE PAID IN 1979. THIS WOULD PERMIT THEM TO MAINTAIN AIR GABON'S EUROPEAN SERVIE AND SIMULTANEOUSLY TO HAVE SUFFICIENT RESOURCES

FOR OTHER IMPORTA T DEVELOPMENT PROJECTS. NTOUTOUME SUGGESTED GOG MIGHT PUT DOWN BETWEE 5 AND 6 BILLION F CFA (\$21.5-26 MILLION) AT THIS TIME IF AGREEMENT COULD BE REACHED WITH EXIM, CITIBANK AND BOEING.

(D) NTOUTOUME ENDED TELEPHONE CALL WITH STATEMENT THAT THIS WAS "HIGHEST LEVEL GOVERNMENT TO GOVERNMENT APPEAL" BEING MADE ON BEHALF OF THE PRESIDENT. HE STATED THAT HE AND BONGO'S PARTY WOULD BE IN PARIS UNTIL APRIL 23 AND THAT WE COULD GET IN TOUCH WITH THEM THERE TO REPORT ANY DEVELOPMENTS.

2 . MORNING APRIL 29 CHARGE DISCUSSED STATUS BOEING LOAN WITH CITIBANK LIBREVILLE DIRECTOR GENERALN GAUTAM CHAKRAVARTTY, WHO HAD RECEIVED SIMILAR PITCH FROM NTOUTOUME IMMEDIATELY AFTER THAT MAH TO US. CHAKRAVARTTY IS PASSING INFORMATION TO CITIBANK, NEW YORK AND FEELS CERTAIN THAT CITIBANK WILL INVESTIGATE WITH BOEING POSSIBILITIES ACCOMMODATING GABONESE.

3. CHAKRAVARTTY MENTIONED THAT AIR GABON'S 737 HAS BEEN READY FOR DELIVERY SINCE APRIL 12 AND THAT AIR GABON NOW PAYING \$3,700 DAILY STORAGE CHARGE UNTIL IT TAKES POSSESSIONOF AIRCRAFT. SINCE PURCHASE OF AIRCRAFT IS DEPENDENT UPON \$106 MILLION SYNDICATED LOAN CITIBANK PUTTING TOGETHER WHICH WAS TO HAVE INCLUDED BOEING 737  
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AND 747, CHAKRAVARTTY STATED CITIBANK OFFERED SEVERAL DAYS AGO TO MAKE \$13 MILLION AVAILABLE IMMEDIATELY SO THAT GABONEUE COULD TAKE POSSESSION OF 737 (REF. A). GABONESE HAVE HESITATED, APPARENTLY IN PART BECAUSE FRENCH TRANSLATION CITIBANK LOAN AGTEEMENT WILL NOT BE AVAILABLE FOR APPROXIMATELY TWO WEEKS. IN THE MEANTIME IT IS COSTING THEM MONEY.

4. WITH REGARD TO THE \$106 MILLIONLOAN, CHAKRAVARTTY STATED THERE HAS BEEN SOME HESITATION WITHIN THE BANKING COMMUNITY IN PART BECAUSE OF FAIRLY WIDESPREAD IMPRESSION THAT 747 IS AN UNNECESSARY LUXURY. UNTIL THE GABONESE FORMALLY DECIDE WHETHER TO GO AHEAD OR DELAY 747 PURCHASE, LOAN ALSO WILL PROBABLY BE DELAYED. ACCORDING TO CHAKRAVARTTY, HESITATION RE 747 COMES FROM FACT THAT FIRST SEVEA MONTHS SERVICE WITH LEASED 747 HAS NOT QUITE MATCHED OPTIMISTIC PROJECTIONS OF FEASIBILITY STUDY. HE CLAIMS, NONETHELESS, THAT 747 SERVICE HAS DONE WELL ENOUGH THAT CITIBANK MIGHT BE WILLING LOAN FULL AMOUNT TO AIR GABON FOR PURCHASE EXCEPT FOR FACT THAT LOAN WOULD HAVE TO HAVE GOG GUARANTEE. IN IMF ACCOUNTING, GOVERNMENT GUARANTEES

ARE INCLUDED IN CEILING TOTAL.

5. ANOTHER COMPLICATING FACTOR FOR \$106 MILLION SYNDICATED LOAN ACCORDING CHAKRAVARTTY, IS THAT BANQUE DU SUEZ ET INDOCHINE (BSI) HAS RECENTLY DECLARED GABON IN DEFAULT BECAUSE OF A "TECHNICALITY." TECHNICALITY IS THAT GOG NEGOTIATED RECENT LOANS WITH FRENCH BANKS UNDER "MORE FAVORABLEZ CONDITIONS THAN OFFERED TO BSI IN 1974 BECAUSE RECENT LOANS ARE GUARANTEED BY FRENCH GOVERNMENT. IF OTHER BANKS HONOR BSI DEFAULT DECLARATION (WHICH APPARENTLY CITIBANK WILL NOT RPT NOT) SYNDICATED LOAN COULD BE IN DIFFICULTY.

6. REQUEST DEPT. STAY IN CLOSE TOUCH WITH CITIBANK,  
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EXIM AND BOEING TO KEEP US APPRISED OF ANY SIGNIFICANT DEVELOPMENTS RE 747 FINANCING. WE WOULD ESPECIALLY APPRECIATE ANY INFORMATION WHICH WE COULD PEUS TO BONGO PARTY VIA EMBASSY PARIS PRIOR TO 23 APRIL. YATES

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## Message Attributes

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